

U.S.-India High Technology Cooperation Group

Remarks of Under Secretary of Commerce

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Introduction

Foreign Secretary Singh, Ladies and Gentlemen... It's great to be here.

Thank you, Diane for that very kind introduction. I would like to thank our hosts—the Confederation of Indian Industries (CII)—and the Federation of Indian Chambers of Commerce and Industry (FICCI). CII and FICCI have consistently and successfully advocated for increased trade and cooperation between the United States and India.

I would also like to thank Foreign Secretary Singh for the invitation to return to India. Madam Secretary, thank you for

your commitment to the U.S.–Indian strategic partnership and for taking the time to be with us today.

Let me also thank members of the U.S. industry delegation who traveled to India for today's discussion, and our HTCG partner in the United States—the U.S.-India Business Council (USIBC).

It is great to see many U.S. companies in the audience. I visited Bangalore earlier this week and was impressed with the breadth and diversity of the U.S. companies there. The broad and growing presence of American companies throughout India is a testament to how far we've come in expanding U.S. –India business ties.

Finally, I would like to thank the many Indian company representatives that are here today. The U.S.-India High Technology Cooperation Group has been a success because of

the support and effort you have demonstrated in building trade with the United States.

Expanding U.S.-India Trade Ties

It is a great honor to return to India and work with our friends to strengthen our “indispensable relationship”. When I visited India in 2011, we resolved to work together to implement and grow our partnership.

As President Obama said during Prime Minister Modi’s recent visit to Washington, “We have so much in common that it is critical for us to continue to deepen and broaden the existing framework of partnership and friendship that already exists.”

Working together, we are establishing a normalized business environment in which trade can grow. Now it is time for the

two business communities to make expanded cooperation through trade a reality. The government-to-government relationship has and will continue to facilitate expanded trade ties, but it is up to you—Indian and U.S. importers and exporters—to construct the edifice. The success or failure of this endeavor depends above all on commercial relationships.

India and The U.S. form a natural partnership for expanding trade and prosperity based on our shared values. Our two countries have diverse and talented populations, entrepreneurial skills, and deep and growing technological cooperation. These synergies, which are based on deep rooted and common values, offer endless opportunities for increased trade and economic development.

At the same time, we cannot take these endowments for granted. We must continue to ensure that our bureaucracies are

facilitators of change rather than impediments to progress.

Accordingly, we need to end policies that discourage research and innovation, eliminate tariff and non-tariff barriers to growing trade, and improve the overall climate for doing business.

The Importance of the HTCG

Since its formation in 2002, the U.S.-India High Technology Cooperation Group has been a valuable forum for discussing U.S.-India high technology trade and fostering the confidence necessary to facilitate trade in high technology items. Your focus on the appropriate economic, legal, and structural environment has provided valuable input for successful trade in sensitive technologies. The HTCG's contributions demonstrate

how a focus on discrete, attainable goals can help reach our mutual goal of a stronger economic relationship.

In the area of Homeland Security, India and the United States are essential partners in combatting terrorism in such areas as capacity building and training infrastructure protection, global supply chain with emphasis on port and border security, megacity policing, and cooperation in science and technology.

I am pleased to note that this year's HTCG government discussions will include Homeland Security technologies. This addition is an example of how the HTCG can evolve and expand as the U.S.–India partnership continues to develop.

The Biotechnology and Life Sciences Working Group (BLSWG) facilitates business partnerships and shares best practices with respect to regulatory issues in both countries.

Drawing upon intergovernmental participation from the United

States and India, the Working Group covers cross cutting issues in pharmaceuticals, biotechnology, Health IT, medical devices, healthcare services, and academic and institutional linkages. Our companies seek mutually beneficial opportunities to develop India's healthcare infrastructure, expand the medical devices sector, and spur a climate of innovation in both countries.

Defense and Strategic Trade

Increased defense trade and cooperation is a vital part of advancing our partnership. And defense trade has increased steadily over the last decade. Expanding trade and cooperation provides a “win-win” for U.S. and Indian security interests.

The U.S. Department of Defense-led Defense Trade and Technology Initiative (DTTI) will deepen and streamline

defense trade with India. Notwithstanding strong defense sales, we continue to look for ways to improve our bureaucratic processes and identify significant and achievable opportunities for co-production and co-development with Indian companies.

Building a foundation based on expanded foreign direct investment in the Indian defense sector, cooperation in science and technology, timely procurement processes, co-production, and co-development will strengthen our security relationship.

We recognize that not every contract has or will go to a U.S. company, but DTTI provides the opportunity to purchase mission-critical and cost-competitive defense technologies via a streamlined bureaucratic process. As you move forward in your discussions later this month with my colleague, Under Secretary

of Defense Frank Kendall, I urge you to sustain the momentum by converting good intentions into tangible results.

U.S. Export Controls and High Technology Trade

My organization, the U.S. Department of Commerce's Bureau of Industry and Security, administers the U.S. export control regime for commercial and certain militarily-less sensitive items. U.S. export licenses affect only a small portion of overall trade with India. Fifteen years ago, 24 percent of U.S. exports to India required export licenses. Last year, Commerce licenses were required for only 0.3 percent of U.S. exports to India. Very

few license applications for items under Commerce Control are denied. We are in a new world.

In 2011, I spoke with you about our efforts to undertake Export Control Reform in the United States, as well as the status of our actions to implement President Obama and former Prime Minister Singh's November 2010 bilateral understanding on strategic trade. Three and a half years later, the U.S.

Government has converted many of our export control reform objectives into concrete regulations. With few exceptions, the U.S. Munitions List is being made into a positive list that controls only those items that provide the United States with a significant military or intelligence advantage. Militarily less sensitive items, such as parts and components, have been transferred from the licensing jurisdiction of the Department of State to that of Commerce. The U.S. Government has revised

15 of the 21 categories of the USML. There has been a 64 percent reduction in the Department of State's license volumes for the 13 categories that have been fully implemented, and two more categories— space and electronics —are taking effect only now.

The transfer of certain aerospace items from the licensing jurisdiction of State to Commerce already has resulted in the timely approval of licenses to India valued at more than \$70 million.

On November 10, the Export Control Reform revisions covering commercial satellites went into effect. The rule provides Indian companies with the opportunity to purchase commercial satellites; remote sensing satellites below certain thresholds; and importantly, because India has its own satellite industry systems, subsystems, parts and components associated with those

satellites. These actions will increase the efficiency, timeliness and security of the supply chain for sales of parts and components to Indian companies.

Since 2011, India has taken steps to complete the November 2010 commitments to strengthen its export control system. In 2013, India updated the Missile Technology Control Regime and Nuclear Suppliers Group control list items on its SCOMET.

You have continued to implement the 2010 Export Control Cooperation Plan this year and conducted outreach events in support of this.

The U.S. remains committed to supporting India's membership in the four multilateral export control regimes. Completion of these remaining items will bring us closer to the longstanding bilateral commitment to "bring fundamental change to the U.S. export relationship with India."

Conclusion

India and the United States have so much in common. Our partnership in export controls and strategic trade is critical to enhancing this strategic relationship for three reasons. First, it helps fulfill our common national security interests. Second, it demonstrates a willingness to work together on export control issues that affect global nonproliferation and homeland security. Lastly, it addresses our shared economic partnership.

Our strategic relationship is further reinforced by the sharing of common values. Our democracy. Our diversity. Our entrepreneurial spirit. And most importantly, our unshakable commitment to working together to build a better future.

Together we have set the agenda for expanded trade and security cooperation.

I look forward to working with all of you to make this a reality.

Thank you for your time and participation.